(a) whether attention of the Government has been drawn to the news-item appeared in the daily Economic Times dated August 10, 1996 under the caption "Talwar urges banks to cut down N.P. Assets";

(b) if so, the facts thereof;

(c) the percentage of the non performing assets of the banks during the first year of Eighth Five Year Plan and the percentage thereof during 1995-96;

(d) the year in which the percentage of these assets remained highest during the Eighth Five Year Plan; and

(e) the measures being taken to cut down the NPAS in the near future?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b). Yes, Sir. The health of a bank depends, amongst other things or its level of non-performing assets (NPA) which should be at the lowest possible level. The provisional of NPA of all public sector banks as on 31.3.96 stood at 16.01% of their total advances as against 19.45% during the previous year (31.3.95). Banks are being continuously exhorted by RBI to bring down their level of NPAs through upgradation, recovery etc.

(c) Percentage of NPAs of all public sector banks as on 31.3.93 (i.e. at the end of first year of 8th Plan Period) had been 23.18% of their total advances and the same stands at 16.01% (provisional) as on 31.3.96.

(d) According to RBI the level of NPAs of all public sector banks which was at 24.78% of their total advances as on 31.3.94 has been the highest during the period from 1992-93 to 1995-96.

(e) The prudential norms prescribed by RBI have brought about a greater awareness amongst banks of credit risks and there have been conscious attempts on the part of banks to keep their NPAs at the minimum. The banks have evolved loan recovery policies and have set up Recovery Cells at Headquarters. Banks have also set up recovery targets for their branches. Recoveries are monitored at frequent intervals by bank functionaries right down from the Chairman and Managing Director. The set up of Debt Recovery Tribunals is also expected to help banks in recovery of certain disputed or defaulted dues.

The Companies Act, 1956

4526. SHRI BHAKTA CHARAN DAS: Will the Minister of FINANCE be pleased to state:

(a) Whether the Government are contemplating to amend the Companies Act, 1956;

(b) whether the Government have constituted any working group to prepare a complete draft of new companies Act;

(c) if so, the composition and terms of references of the said group; and

(d) the time by which the said group is likely to complete the draft?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) The Government has decided that the Companies Act, 1956 needs to be re-written comprehensively.

(b) to (d). Yes, Sir. The Government has constituted a Working Group consisting of persons with knowledge of law, economics and company affairs to rewrite the Companies Act, 1956. The Working Group consists of the following:-

1. Dr. K.R. Chandratre
2. Dr. Omkar Goswami
3. Shri Rajendra S. Lodha
4. Shri D.S. Mehta
5. Shri S. Ramaiah
6. Shri M.K. Sharma
7. Shri Shardul S. Shroff
8. Shri B.B. Tandon.....Convenor

The Group has been asked to re-draft the Companies Act, 1956. The redrafted version is likely to be available for public debate by January 1, 1997.

Production of Janata Cloth

4527. SHRI SATYAJITSINH DULIPSINH GAEKWAD: Will the Minister of TEXTILES be pleased to state:

(a) the targets fixed for the production of Janata cloth in Gujarat during the last three years and to what extent these targets have been achieved;

(b) whether the production of Janata Cloth has declined in the State during the aforesaid period;

(c) if so, the reasons therefor; and

(d) the steps taken by the Government to increase the production of Janata Cloth in the State?

THE MINISTER OF TEXTILES (SHRI R.L. JALAPPA): (a) The targets fixed for production of Janata Cloth in Gujarat State and achievement thereof during the last three years are as under:-

(in Mn. Sq. Mtrs.)

Year	Targets	Achievement
1993-94	7.50	7.86
1994-95	6.50	4.36
1995-96	5.00	0.42

(b) Yes, Sir.

(c) and (d). To encourage the handloom weavers to switch over to higher value added items, the Janata Cloth Scheme is being phased out. The question of increasing production of Janata Cloth in the State, therefore, does not arise.

Counter Guarantee to Power Projects

4528. SHRI T. GOPALKRISHNA: Will the Minister of FINANCE be pleased to state:

(a) whether the Govt. propose to incorporate several conditions on the Fast-Track power projects awaiting counter-guarantees;

(b) if so, the reason therefor;

(c) the conditions proposed to be incorporated; and

(d) the details of advantages expected therefrom?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d). Govt. of India counter-guarantees to the CCFI approved Fast-Track power projects are being processed under the conditions incorporated in the 'General Parameters for the issue of Counter-Guarantee by Government of India' issued on 14.12.94. A copy of the 'General Parameters' is enclosed as statement.

There is no proposal for incorporation of any additional conditions in the General Parameters mentioned above, at this stage.

STATEMENT

General parameters for the issue of Counter Guarantee by Government of India in respect of all private Sector Power Projects

A. Eligibility Criteria:

(1) The SEB has signed a Power Purchase Agreement (PPA) with the developer.

(2) The SEB has agreed to open an irrevocable revolving Letter of Credit for its payment liabilities of one month to the private power company; and to maintain an Escrow account to which revenues equivalent to one month's billing of the private power company will be credited.

(3) The SEB has signed and is in the process of successfully implementing the Operational and Financial Action/(DFAP) loan with the Power Finance Corporation.

(4) The State Government has agreed to issue a guarantee for discharging the liabilities of the SEB under the PPA.

(5) The management of SEB and the State finances is prudent, in the opinion of Government of India, Ministry of Finance. Among other parameters this would include achievement of minimum Rate of Return (ROR) of 3% fixed assets for the proceeding financial year.

(6) The State Government undertakes to accept the stipulations laid down in the following paragraphs, particularly those relating to performance parameters.

B. Power Purchase Agreement:

After a careful review, GOI should be broadly satisfied that the PPA meets such criteria as may be laid down by GOI. Since PPAs are very crucial to the successful operation of private power projects, State Governments should take steps so that these are negotiated with the assistance of professional experts who have relevant experience. In addition the Ministry of Power, must first certify.

(1) the essentiality of the project, and its consistency with grid management.

(2) whether the cost per MW of generating capacity is reasonable in the light of costs of other projects in the power sector, and

(3) the tariff and other parameters have been fixed as per approved GOI guidelines, and deviations, if any, are fully justified.

(4) the PPA must clearly indicate the cost per unit (at different levels of PLF) which should be adjustable only to the extent of Known variations in these cost elements which are agreed to as a pass through on to the tariff on an automatic basis. No counter guarantee can be given until costs are fixed in this manner.

C. Terms and conditions:

Projects approved by CCFI may be considered for the following guarantees: